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THE JOURNAL OF POLITICAL ECONOMY

JANUARY—1910

THE TARIFF OF 1909

II. THE LEGISLATIVE HISTORY OF THE ACT

In the foregoing discussion ¹ has been set forth the scope and nature of the tariff act of 1909. There it was shown that the law in question made only a slight nominal reduction in the general level of tariff rates, if it made any; and that even this reduction was not genuine, since it was far more than offset by increases of duty at crucial points where protection had been found to be unsatisfactory, while the reductions introduced were for the most part misleading or fictitious. It was further noted that this strange situation had been produced despite solemn party pledges intended to assure genuine revision that would give relief to the consumer from the burden of higher prices and increased costs of living, so far as that end could be accomplished through changes in the tariff. From this fact was deduced the conclusion that an open, flagrant, and almost unprecedented violation of good faith had been committed by the congressional leaders and had been sanctioned—however unwillingly—by the national administration. Supposing these points to be disposed of, it is necessary to inquire how such a condition could have been suffered by conscientious public men, or how faithless representatives of the people could have reconciled such a course with the dictates of self-interest. A compre-

¹ "The Tariff of 1909: I, Analysis of the Act," *Journal of Political Economy*, November, 1909.

hension of the basis for the action taken can be obtained by a survey of the legislative history of the tariff act.

I

In a former number of this *Journal*,² some of the preparations for tariff revision were explained. Without rehearsing at this point the successive steps in the process of preparation, it will suffice to say that when the Ways and Means Committee assembled in November, 1908, for the purpose of beginning the foundation work of tariff legislation, it found itself substantially without material for use as a basis. Lengthy hearings were conducted during the latter part of November and the beginning of December, 1908, and these proved so inadequate that they were extended until near the first of January, 1909. At these hearings appeared a succession of manufacturers, exporters and importers, business men, representatives of special interests, and lobbyists. An immense mass of *ex parte* testimony was filed with the committee. Of this matter it is enough to say here that while some of it was of considerable informational value, most of it was tainted with self-interest or bias; and that the members of the committee all too plainly showed an inability to comprehend the real issues at stake. Strong and clear over the discordant wrangling about duties there sounded a demand for the retention of the Dingley rates, or others practically based thereon, and for haste in the passage of legislation. Both these demands were founded upon the claim that prosperity had existed under the Dingley law, and that nothing but criminal folly could induce a legislative body to embark upon an experiment when the test of "success" so clearly indicated the advisability of adherence to tried conditions. Business was said to be suffering, not from objectionable or defective rates of duty, but from uncertainty and dread of what the future might bring forth. Only faintly, indeed, was the voice of the consumer heard at these meetings, and the few theorists who attempted to set forth their opinions were roughly thrust into the background with the statement that the

² January, 1909.

committee wanted only "facts." It was thus that, when the doors were closed and secret deliberations began, the committee found itself unacquainted with most of the conditions surrounding the tariff, overburdened with an enormous correspondence, and galled by a rattling back-fire from the districts of various members which were dominated by the demand of business interests for the maintenance of the status quo. Even at this early stage of the process, it appeared that there was a sharp division of opinion in the boss-ridden Ways and Means Committee. It had been strongly borne in upon some of the members that reductions must be had in wool and woolens, hides and leather, petroleum, lumber, and sugar. Metals, of course, it was recognized, were at absurdly high figures—just how much too high was uncertain. In early ballots taken in secret session by the Ways and Means Committee for the purpose of testing opinion the marked divergence of view already referred to became more and more manifest. There was a substantial demand for the reduction of the tariff on wool and woolens, but the advocates of that policy lacked one vote. The demand for a reduction in metals was backed by a majority of one. Petroleum, it was admitted in the early stages of the discussion, must go to the free list. On other items, great divergence of opinion was developed. Sugar, particularly, evoked much debate, and there was friction over many items in the various textile schedules. Thus the controversy went on until the time came for practically putting the ideas of the committee into form—a period which may safely be set down as shortly prior to the inauguration ceremonies of March 4, 1909. Throughout the whole operation, extreme secretiveness was maintained by the members of the Committee acting under drastic instructions from Chairman Payne. Nevertheless, the outlines of this early draft of the new tariff as then drawn can be stated with some certainty. The bill as then drafted provided for free lumber, free hides, a sharp reduction on many metal products, free petroleum and petroleum products, substantial reductions in drugs, a new silk schedule, and a liberal low-tariff treatment of both lead and zinc. On the latter points a curious action

had been agreed upon in the fixing of high rates of duty on both, out of deference to a member of the committee from a western state who had requested that this action should be taken as a compliment to him, with the understanding that it should be reversed immediately after March 4, thus enabling him to say to his constituents that matters had been arranged to their satisfaction while he was upon the committee and had not been altered until after his membership had lapsed. The supposedly final change was made immediately after March 4, low-tariff treatment being accorded to both metals. The bill, moreover, aggravated few or none of the Dingley tariff rates. Throughout the discussion, the Dingley law had been considered as representing, in the main, the maximum: all new rates were to be decidedly lower unless unusually good reason had been found for retaining the old rates. Such articles as gloves and hosiery therefore retained the Dingley duties. The same was true of the higher-priced cottons, satisfaction having been expressed with these duties by the producers in the course of the hearings. It can be confidently stated that the first draft of the Payne bill was by far the most reasonable effort in the direction of tariff revision that made its appearance anywhere throughout the whole session. Had this measure been reported, it would undoubtedly have been received with far greater favor—as an honest attempt at the abolition of some unnecessary duties, although made by convinced ultra-high protectionists—than was the later Payne bill. This was not to be.

II

To show why the first draft of the Payne bill as agreed on by the Ways and Means Committee never saw the light of day, reference must now be made to a peculiar parliamentary situation. For some years Speaker Joseph G. Cannon had maintained a burdensome autocracy in the House of Representatives. This had been founded upon a set of parliamentary rules, oppressive and unreasonable in their character, which effectually dwarfed the general body of the House and practically prevented the passage of legislation save in so far as the Speaker

and his immediate clique were graciously pleased to permit. There had been a growing restiveness in the House of Representatives for some time past, and this had culminated in serious dissatisfaction at the close of the short session of Congress on March 4.

As it was now necessary to select a new speaker, opponents of Speaker Cannon sought to secure some advantages for themselves and for the general membership of the House by bringing about a general overthrow of the old organization. This could be effected solely through the aid of Democratic votes. The moment, however, was propitious, for it was possible to draw the Democrats and some doubting Republicans into harmony with the insurgent movement by promising that the tariff would be dealt with more liberally should suitable resistance be offered the dominant group than would be the case should the Democratic and dissatisfied Republican element tamely submit to a re-enactment of the old rules and the re-election of the dictator who had so long kept the lower chamber in a state of slavish subjection. On the other hand, the machine element, so long in control of the House, was determined under no circumstances to lose its grasp. Through pliant representatives, always ready to do the bidding of the ruling clique, the dominant group kept itself informed of the movements of opponents. At the same time it maintained close touch with the work of the Ways and Means Committee. Even prior to the end of the short session, the procession of manufacturers had formed before the committee doors and had laid siege to the Speaker himself. Threats of suspension of work, business depression, and the other familiar old bogies were put into commission, and Speaker Cannon himself on more than one occasion laid down the law to the committee members regarding the necessities of the situation.

As the insurgent movement grew stronger, fears began to be seriously entertained by the machine element, which now looked with dread to a *débacle* which would destroy its power. It was perceived that in the tariff there was an immense mass of material for trading which could be used to buy votes or to control the men outside of Congress whose hands were on the

strings to which the political marionettes upon the floor responded. Just before the time for reporting the tariff, a considerable number of drastic changes were introduced into the original plans of the committee. When the bill was presented it was found that at some time during the deliberations action had been taken whereby zinc was made dutiable at 1 cent per pound on the zinc contents of ores; cement, at 35 per cent.; asphalt at 15-100 of 1 cent on the pure bitumen content; coal-tar dyes at 35 per cent.; oxalic acid (formerly free) at 1 cent; cocoa (formerly free) at 4 cents; women's and children's gloves at from \$4 per dozen (formerly \$1.75) to \$7.95 per dozen (formerly \$8.30); hosiery at 70 cents per dozen plus 15 per cent. instead of 50 cents per dozen plus 15 per cent., with other grades affected in proportion. Petroleum had been given the old countervailing rates instead of being retained on the free list. Just before the bill was reported, some kinds of glass already ridiculously over-protected were given a sharp increase. At numerous other more obscure points changes were made and the rates so modified as to adjust the duties to the desires of the various interests affected. One such instance in which the committee itself appears to have been misled was seen in the introduction of a paragraph in the cotton schedule whereby cloths dutiable in proportion to the number of threads per yard were to be classified by counting all double yarns (previously counted as one thread each) as two threads each—a change calculated to raise the classification, and therewith the rate of duty on certain cloths, very materially.

As finally shaped, the bill nevertheless held out some concessions to the reform element. There were a considerable number of reductions in Schedule A (drugs and chemicals). Schedule B (earthenware, pottery, glass, etc.) showed a few cuts, some of which were, however, delusive. Schedule C (metals) made iron ore free, fixed the pig-iron duty at \$2.50 per ton, and the scrap-iron duty at 50 cents per ton. On round iron wire the rate was cut from 8-10 of a cent per pound; on charcoal iron, from \$12 to \$6 per ton; on beams, girders, joists, etc., from 5-10 to 3-10 of a cent per pound; on steel rails, from 7-20

to 7-40 of a cent per pound; on steel ingots, from 3-10 to 7-40 of a cent per pound; on sawed lumber, from \$2 per thousand feet to \$1; on clapboards, from \$1.50 per thousand to \$1; on laths, from 25 cents per thousand pieces to 20 cents. In Schedule E (sugar) merely the ridiculous change from \$1.95 per hundred pounds of refined to \$1.90 was offered. This slightly cut the "differential" on the process of refining, and was simply one of those deceptive reductions which in no way affected anyone and was inserted solely from an *ad captandum* point of view. Schedule G (agricultural products) cut the rates on barley from 30 cents per bushel to 15 cents; on barley malt, from 45 to 25 cents; and on green peas, from 40 cents to 30 cents per bushel, etc. Schedule J (flax, hemp, and jute) made a few apparent cuts—notably on shirts, collars, and cuffs, formerly dutiable at 45 cents plus 15 per cent., but now, at 35 cents per dozen plus 10 per cent. In Schedule K (wool and woolens) a change was made in regard to wool of the third class, or carpet wool, by introducing a new line of division in valuation. Wool of this class was now given a rate of 3 cents per pound, when worth 12 cents or less. Wool worth more than 12 but not more than 16 cents per pound was to pay 3 cents per pound plus 1-2 cent per pound for each cent per pound of valuation over 12 cents. On wool valued at over 16 cents per pound the rate was made 7 cents. The old rate had been 7 cents per pound on all third-class wool worth over 12 cents. In Schedule M, wood pulp, formerly dutiable at half a cent per pound, was transferred to the free list, and the duty on print paper was cut from \$6 per ton to \$2 per ton. Schedule N transferred coal (old rate 67 cents per ton) to the free list, and did the same for hides (old rate 15 per cent.) and works of art; cut the rate on agricultural implements to 15 per cent. (old rate 20 per cent.), and made the rate on gunpowder 2 cents instead of 4 cents per pound. The bill also made concessions to the Philippines by annually admitting to the United States free of duty 300,000 tons of raw sugar, 300,000 tons of wrapper tobacco, 3,000,000 pounds of filler tobacco, and 150,000,000 cigars. All other imports from the Philippines were made absolutely free, and American prod-

ucts were to enter the Philippines free in exchange. The Cuban reciprocity treaty was continued, and a liberal drawback section was inserted. By way of retaliation against foreign countries it was provided that the same rules applied by any foreign country to American citizens holding its patents should hold good of patents held by foreigners from the United States. Maximum tariff rates 25 per cent. higher than the general rates of the tariff were to be applied after a specified date to any foreign country refusing to us its most favorable tariff treatment. Additional internal revenue taxes were provided in a section which established an inheritance tax with graded rates. The tax was increased on cigarettes weighing over 3 pounds per thousand from \$3 to \$3.60, and on those weighing less from \$1 to \$1.50. The bill contained provisions for the issue of additional bonds on Panama account, while it raised the sum of certificates of indebtedness available from \$100,000,000 to \$250,000,000. The bill in this revised form was far more objectionable than the original Payne measure which the Ways and Means Committee had intended to report. The chief substantial concessions in duties were now those on iron ore, coal, hides, lumber, and a few items in the drug and chemical schedule. Elsewhere the reductions were largely nominal and fictitious. The drawback section would have been a material improvement over the earlier conditions, and there were a few improvements in classifications. Throughout, the bill had been so shaped as to attract the support of special interests which were thereby enlisted in the maintenance of the House autocracy.

III

It was early foreseen that there would be scant possibility of passing the tariff in the shape in which it had now been re-drafted except by a severe and drastic application of the old rules of precedence which had reached so extreme a development at the hands of Speaker Cannon. The insurgent movement, the rise of which has already been referred to, had shown a substantial vigor. Provided the whole Democratic vote in the House could be controlled and joined to that of the insurgent

Republicans (whose numbers were variously estimated at from 25 to 40), it would be possible to defeat the re-enactment of the rules at the opening of the new session. In order not to make the dose of reform too nauseous, it was resolved by the opposition to allow Speaker Cannon to resume his chair and then to make the assault upon the rules, thus eliminating all personalities from the issue. The scheme, however, was clearly understood by the conservative group, and was met by the use of two lines of effective work. President Taft, who had just entered the White House, was appealed to in behalf of Speaker Cannon, and did actually throw such administrative influence as he was able to bring to bear to the side of the Speaker, thus reducing the number of insurgent votes to the lowest possible terms. The "conservative" element, moreover, succeeded in arranging a "deal" with a group of Tammany Democrats whereby the latter broke away from the minority leadership of Representative Champ Clark and cast their ballots substantially for the old rules. According to a later assertion made by Herbert Parsons, the chairman of the New York County Republican organization, conservative Republicans agreed to throw the Republican machine element at Albany against certain electoral legislation which was distasteful to Tammany, while Tammany issued the necessary orders to the representatives of the organization in Congress. Whatever was the hidden machinery, the "deal" was completely successful, and the old rules were re-enacted with a wholly unimportant modification by a very narrow majority. This placed the necessary weapons in the hands of the ultra-protectionists. Speaker Cannon at once reappointed the Ways and Means Committee for the new session, as well as the Rules Committee, giving choice places on both organizations to the leaders of the "bolting" Democratic group which had rendered possible the success of the majority machine element. With mechanical promptness and dexterity, the tariff bill in the form already agreed upon was then referred to the reorganized committee, was voted upon, was reported to the lower chamber, was debated for rather less than three weeks, and was finally passed on April 9.

It is not too strong a statement to say that the House debate on the tariff is a curiosity in the history of fiscal legislation. Practically at no time during the course of the discussion was there the slightest opportunity either for genuine argument or for amendment of crucial paragraphs. The rule which had been brought in by the controlling clique for the purpose of governing the discussion provided that general debate should last for an indefinite period, and that then the bill should be taken up and carried to a vote with an actual opportunity of balloting only upon certain specified commodities. These commodities included barley and barley malt, hides, petroleum and its products, lumber rough and finished, and tea and coffee. The debate itself, if such it could be called, consisted merely of a series of oratorical shots in the air. Chairman Payne led off with a lengthy speech of the stereotyped political variety, in which he sought to show that the proposed bill constituted a great advance over the previous legislation. Most of Mr. Payne's arguments were of the usual *ad captandum* kind and were based upon the familiar protective theories of the stump. In a wandering and pointless reply, Representative Champ Clark, the minority leader, assailed the good faith of the Republicans while paying the usual florid compliments to Chairman Payne, his colleagues on the committee, and others. The succeeding speakers followed without any definite order, some covering the whole field of tariff discussion, some confining themselves to particular questions with which they were familiar, some indulging in general diatribes against the "trusts" and the world in general, while others charged political trickery, bad faith, dishonesty, and ignorance on the part of opponents in the customary vague way without mentioning specific cases and with express disclaimers that the charges applied to anyone in particular. In the whole gloomy episode, there was nothing to suggest a controlling purpose in the discussion or a systematic presentation of facts and figures on either side. The fact was that a determination to pass the tariff in substantially its existing shape had been arrived at, that the votes had been delivered, and that the preliminary debate was intended merely for the purpose of "making good"

with constituents. For the latter purpose were intended the numerous assaults upon conventional objects of vituperation such as the Standard Oil Company, the "beef trust," and others which had long served as targets for congressional talk. Perhaps the most interesting if not the only interesting thread in the tangle was the situation presented by the Democrats. Representative Champ Clark had early failed in controlling the policy of his party. Even among the minority members of the Ways and Means Committee, during the hearings before that body, it had developed that the only bond of union was a desire to make political capital and to impugn the work of the majority. Along with this there had been exhibited an excessively strong protective feeling originating in the manufacturing and even the agricultural sections of the South. Southerners had appeared before the committee begging for excessive duties on sub-tropical fruits, on raw cotton, on iron and steel, on cotton manufactures, on lumber, and a variety of other products in which the southern states were interested. Upon the floor, this breach with the earlier traditions of the southern Democratic party became more and more marked. Violent protective speeches were made by southern Democrats, some of whom even voted for the bill in some of its later stages, while other Democrats expressly went on record as favoring the policy of protection although roundly denouncing the action of the Republicans in applying it. At no time did the Democrats even approximate to a condition of discipline which would have permitted the shaping of a substitute bill. That being the case, the passage of the Republican measure in some form would have been a foregone conclusion even had the majority not taken the precautions actually employed for the purpose of guaranteeing the presence of enough votes to send the measure safely to the Senate.

Behind the tumult and shouting upon the floor of the House, shrewd and clever huckstering was in progress. Many minor interests which had not been able to close their bargains antecedent to the introduction of the bill now made their appearance and entered into negotiations. So far as possible their wishes were met through the introduction of amendments to the tariff,

although there was probably none that vitally altered a single schedule. The crucial point in the situation lay in the fact that certain of the bargains already made proved too obnoxious to be endured, and it was this which finally compelled the Rules Committee to admit a vote upon the half-dozen commodities already enumerated. When the day for a final ballot arrived (April 9), the voting did not materially change matters. The House rejected the idea of free lumber and stood by the committee rate of \$1 per thousand feet in the rough. It slightly raised the rates on barley and barley malt, neither of which was of any importance except for political purposes, making the items 24 cents and 40 cents per bushel. It retained hides on the free list, and in spite of a violent speech from Speaker Cannon, who left the chair for that express purpose, it placed petroleum on the free list. Nothing material was said about the excessive duties on hosiery and gloves, nor was there any reference of consequence to the principal abominations carried by the bill. At the last moment, however, a lengthy provision changing the rates on tobacco under the Internal Revenue law was added, and thus the measure was put through by a vote of 217 to 161. Hardly had the bill been sent to the proper clerks for preparation for the Senate, when it was discovered that through a parliamentary maneuver the products of petroleum had not been placed upon the free list as had been intended, but had been omitted from mention either in the free or dutiable schedule. They were thus dutiable as commodities not elsewhere enumerated—a situation which would have subjected them to a rate of 20 per cent. The scheme was too barefaced to be tolerated, and on the following Monday (April 12) the measure was recalled from the Senate and the products of petroleum were added to petroleum raw and refined in the free list.

IV

The tariff bill was now before the Senate. Ample preparation had there been made to receive it. The tariff leaders of the upper chamber had been working more or less systematically during the winter, and from the date of the adjournment of the old session, on March 4, to the assembling of the new one, on

March 15, the Finance Committee had been in almost continuous conference. This body had now assumed a new complexion. Of the old-line members a singularly large proportion had disappeared while the preliminaries of tariff negotiation were still under way. Allison of Iowa had died but a few months before. Hopkins of Illinois and Platt of New York had been retired, and a similar accident had befallen Hansbrough of North Dakota. Of the reliable old Republican group which for years had upheld the hands of Chairman Aldrich there remained only Boies Penrose of Pennsylvania, Eugene Hale of Maine, and Julius Caesar Burrows of Michigan. The Democratic members were to count for less than nothing in the tariff discussion. Senator Aldrich with his usual insight perceived the opportunity for remodeling the Finance Committee as an efficient working tool in legislation. He secured the addition to it, as one of the new members, of Senator Smoot of Utah, an apostle of the Mormon church closely connected with Joseph H. Smith, the head of the church, and the active manager of large beet sugar interests controlled by the American Sugar Refining Company. Senator Lodge of Massachusetts was also invited in. Senator Flint of California, a steady worker in behalf of the Pacific Coast, likewise became a member. To these was added Cullom of Illinois, already overburdened with work and in comparatively feeble health. More than ever, Senator Aldrich had become the Finance Committee itself. Granting a certain amount of recognition of the interests represented by the other members of the committee, there was none to raise a hand or lift a voice in opposition.

Early in the action the Democratic members were requested to remain absent, and the process of framing a bill was pushed forward. On April 12, only two days after the passage of the Payne bill in the House, a substitute measure was reported by Chairman Aldrich to the Senate, in a short speech which made no reference to the principal issues at stake and dealt only with the question of revenue. The Aldrich bill thus presented was only a torso. It struck out the whole of the Payne bill, including the administrative sections, the internal revenue provision,

and the bond legislation, and reinserted as a substitute merely a set of dutiable and free schedules, leaving the balance of the bill to be framed later.

Senator Aldrich, in reporting the bill from the Finance Committee, in fact omitted not only all sections relating to internal revenue, loans, drawbacks, and other extraneous matters, but also the maximum tariff provision. He left blank a number of the most sharply controverted rates of duty. This was a tactical move intended to keep the provisions secret as long as possible and thereby to avoid unnecessary discussion. At subsequent dates the Finance Committee reported an internal revenue provision, an entirely new silk schedule, a maximum and minimum plan, a customs court provision, a Panama bond section, and a variety of important duties. For convenience' sake, however, it will be best to treat these separate portions of the bill as if they had been reported along with the main body of the schedules, and to describe the Finance Committee measure as a whole.

The bill as thus reported by the Finance Committee varied very widely from that of the House. All through the drug and chemical schedule changes had been made in rates, usually with the object of raising those which had been cut by the House, wherever there was any real reduction of protection. On metals the Senate bill made a good many changes, but in the main retained the level of duties established by the House, as it was felt that these cuts were purely technical and consequently of no particular importance. On sugar the schedule reported by the House with its farcical cut of 5 cents per 100 pounds was retained. Tobacco duties were left unchanged, but an advance was made on spirits. On silks the specific rates which had been desired by the manufacturers were substituted for the *ad valorem* rates of the Dingley law. The woolen schedule was put back to its Dingley status, and the slight changes in classification made by the House were omitted. On cottons the vicious features originally inserted by the Ways and Means Committee and afterwards eliminated were restored, and there was now added a series of provisions raising the rates on all of the more highly

valued cottons and on many of the lower priced goods. This was done under the pretext of restoring the original intent of the Dingley rates which it was alleged had been violated by court decisions. On crucial and controverted rates an increase was made in almost every case. The duty on iron ore was fixed at 25 cents per ton; on rough lumber, at \$1.50 per 1,000 feet; on print paper, at \$4 per ton; on coal, at 60 cents per ton; on petroleum, at the old countervailing rates—and so on.

One of the most objectionable and disheartening features of the bill was found in the number of “jokers” which were allowed to creep into it both during the deliberations of the Finance Committee and during the subsequent manipulations on the floor. These were very numerous, but were all of the same general character. Thus the rate on structural steel was substantially raised about 100 per cent. over the Dingley rates and was placed at a practically prohibitive level. On imitation jewelry, through a peculiar use of words whereby the rates were disguised, rates were advanced from 35, 45, and 50 per cent. to 85 per cent. The rate on carbons was greatly advanced by the introduction of the word “feet” where the former classification had been by number of carbons. In the textile schedules the jokers were almost as numerous as the paragraphs. Characteristic of this group of schemes was the provision whereby certain embroidery machines were allowed to come in free for a period of two years, nominally in order to stimulate the industry, but really to permit the transfer of a given factory from Europe to the United States. To enumerate and explain these various provisions by which enormous increases of duty were inflicted or substantial reductions on special materials of manufacture were made in the interest of particularly favored individuals would require lengthy treatment, but the changes thus introduced were usually of significance only to small groups of persons, though in the aggregate their effect was very greatly to add to the burden of the tariff upon the general consumer—the more so as these changes were not made with any general protective policy in mind.

The bill also greatly changed the maximum rate provision by

substituting a flat increase of 25 per cent. *ad valorem* over the minimum rates for the 20 or 25 per cent. of the minimum rates which had been the provision carried by the House measure on most items. Partly in order to reward with desirable places certain politicians who had been instrumental in shaping the tariff and in other ways, and partly to meet the desires of domestic manufacturers, an elaborate scheme for a customs court was presented and was finally passed in substantially its original shape. This provision was bitterly opposed on the floor and had little or nothing in its favor. The committee had not originally intended to report any internal revenue taxes, but toward the latter part of the debate found itself obliged to yield to a sharp attack made by the insurgent group of senators, headed, in this particular case, by Beveridge of Indiana. As a result, the Finance Committee reported some additional taxes on tobacco, at the same time removing the duty of 6 cents a pound on leaf tobacco in the hands of farmers. It had been intended likewise to abstain from making changes in the existing bond legislation, but pressure from the administration subsequently led to the incorporation of a bond section.

The real work of tariff legislation was now begun. In a series of long set speeches, most of the members of the Senate undertook to state their position and to place themselves in the proper light before constituents at home. Democrats were as hopelessly divided in the Senate as they had been in the House. Many made violent speeches in favor of protection as a policy, while others denounced all protective duties in general, but lauded each particular protective duty upon which controversy was likely to occur. Other Democrats, of whom the chief was Senator Bailey of Texas, endeavored by wire-drawn argument and historical citation to show that moderate protection had always been a Democratic policy. The idea of "tariff for revenue" was carried to its uttermost limit and was used to justify a vote for all those duties on which southern Democratic interests had been demanding the support of their Senators for the Republican measure. As in the House, so in the Senate, the

demand was made in behalf of the southern interests that high duties be enacted upon iron ore, steel, fruits, cotton manufactures, lumber and its products, tanning extracts, chemicals of certain varieties, coal, oil, raw cotton, sugar and its products, and many others. In the upper chamber, too, the lack of leadership on the Democratic side was once more painfully apparent. Senator Charles A. Culberson of Texas, the titular Democratic leader, was unable to command the united support of his colleagues upon any save purely political and party policies. Senator Daniel of Virginia, the ranking Democratic member of the Finance Committee, early declared boldly for a protective policy, although from time to time he spoke out against those duties on given industries and products in which Virginia was in no wise interested. The conservative group in the Senate was even more solid and hidebound than that in the House, acting under the leadership of Chairman Aldrich without a murmur on the floor, and merely throwing back at their opponents the usual charges and reproaches. One favorite topic for members of the conservative group was the panic of 1893, which as usual was attributed to the Wilson tariff act of 1894, notwithstanding that the panic was already past history when the preliminaries of the Wilson tariff were undertaken, and was employed as an argument in behalf of the policy of never disturbing tariff duties. Of the panic of 1907 as little as possible was said, although frequent references to radical executives and their dangerous influence indicated the drift of views as to causes of the commercial disturbances of the latter year.

The only interesting feature of the Senate debate, redeeming it from the general level of vulgarity and commonplaceness which had characterized both the Senate and the House discussion, was furnished by a group of insurgent Republicans from the Middle West. These men represented more or less radical states, which profited but little by the excessively high protection accorded to eastern manufacturing districts, and which had practically become the center of tariff discontent. Included in the group were Senators LaFollette of Wisconsin, Cummins and Dolliver of Iowa, Nelson and Clapp of Minnesota, Bristow

of Kansas, Beveridge of Indiana, Burkett and Brown of Nebraska, and Crawford of South Dakota. Of this group, the most genuinely convinced members were probably Messrs. LaFollette, Cummins, Dolliver, Bristow, and Nelson. Of the others, some came from constituencies which were meditating a change in their representation at Washington, while others seized the opportunity to become leaders of public thought and to manufacture for themselves some cheap political capital. But from this group and from this alone came vigorous criticism of the proposed bill. It was of course impossible for the small insurgent group, even though working systematically and steadily, to familiarize itself with all of the details bearing upon this legislation. It was out of the question to expect that any small body of men should successfully acquaint itself with hundreds or thousands of different processes of manufacture, each of them requiring the technical study of a lifetime. Whereas Chairman Aldrich and his associates were at all times amply provided with expert assistance at the cost of the government and were supplied with data originating with the manufacturing interests affected by their work, it was necessary for the insurgent group to obtain its information either through personal research or privately and sporadically supplied facts and figures. For this reason, the insurgent group wisely confined its attention to a comparatively small number of schedules. Those which were chiefly selected for discussion included cotton and woolen textiles, hides and leather, sugar, tobacco, iron and steel, lead and its products, and scattering items here and there. Included in this latter list were plate and window glass, some drugs and chemicals, and articles selected from various schedules with which the different members happened to have personal acquaintance.

The best and perhaps the only really thorough discussion was bestowed upon the textile schedules. In analyzing these, the insurgent group, headed by LaFollette and Dolliver, had no difficulty in showing the excessively unreasonable character of the almost prohibitive rates imposed upon woolen cloths. There was little effort to rebut their arguments. They were able to

prove conclusively that under the existing equivalences of duties the carded woolen industry had been placed at so great a disadvantage as compared with the worsted industry as to make existence highly precarious for the former. They were able further to establish a perfectly clear case with reference to the excessively defective, unsatisfactory, and adulterated character of the woolen cloths consumed by persons of small or moderate means in the United States. More than this, they were able to show that a reduction of duties, far from injuring the woolen manufacture, would put it into a substantially more healthy condition by preventing one section of it from preying upon another, while all factories would be greatly advantaged by granting to them cheaper raw wool. That a reduction of duties on raw wool would hurt the wool grower was a proposition so absurd as to afford one of the fairest marks for attack that were offered by the conservative group in the whole course of the discussion. In fact, at one point the scandal over the retention of the notorious wool duties, including that on "tops," became so obnoxious as to produce an offer from the conservative group that, provided the insurgents would suspend their assault upon the woolen schedule, that schedule should be dropped out of the bill and left to stand as in the Dingley law without re-enactment, pending a full and fair investigation of the woolen situation by agents of the Treasury Department. This offer, however, was rejected, owing to a lack of belief in the good faith of its proposers.

Equally if not more severe was the attack upon the cotton schedule. The insurgent critics had no difficulty in making good their claim that cotton manufacturers were already securing enormous dividends, and that the industry in the United States was amply protected. On this point they had the testimony of the cotton manufacturers themselves who had professed satisfaction when before the Ways and Means Committee with the older schedule. In rebuttal the conservatives practically admitted the advances claimed, but argued that the change in the method of levying duties was intended to avoid frauds and to restore the status which it had been intended to create at the time the

Dingley law was passed, but which had been materially altered through the application of court decisions that had resulted in reclassifications.

So also as to sugar, the critics had no trouble in making good their charges both as to the excessive profits of the refining business and the defective character of the classifications adopted in the law. In particular, it was easily shown that the retention of the Dutch color standard instead of the polariscope test, opened the way for a misapplication of the law which granted an immense excess of protection to the refining trust. There was no answer to these statements, although Senator Smoot undertook to show that the profits of the refiners had always been reasonable, and that existing protection was actually needed.

As matters turned out, both the textile schedule and the sugar schedule passed the Senate in exactly the form in which they had been proposed by the Finance Committee. A vote on the bill in the Senate was finally reached on July 8, the usual majority of 45 to 34, 13 not voting, being registered in its favor.

V

In dealing with the legislative history of the tariff act, one feature is worthy of special notice. This might well be considered in connection with the early efforts of the Ways and Means Committee, but reference has been made to it in that connection in another contribution to this *Journal*.³ The topic referred to is that of cost of production, which had confessedly been intended as a guide in the formulation of tariff rates. The Republican national platform had pledged revision of a kind that would fix rates at levels adequate to cover differences between home and foreign costs plus a reasonable profit to the manufacturer. Very early in the work of framing the tariff, the absurdity of this ridiculous pledge became apparent to everyone. The Ways and Means Committee, while prating of home and foreign costs, in no case made the slightest effort to recog-

³ "The Impending Tariff Struggle," *Journal of Political Economy*, January, 1909.

nize such differences in costs or to fix rates in accordance therewith. Probably not a single duty could have been mentioned as conforming to the cost of production standard, and in serious frank conversation none of the members sought to maintain the idea of such conformity, although upon the floor they still argued at times that such a principle was being applied. The ever credulous public, disappointed at the failure to apply the "principle" of comparative cost in the establishment of the House duties, looked to the Senate for something that would warrant the childish faith in the application of the new system of fixing tariff rates. There was no indication of the "principle" in the rates reported by the Senate Finance Committee at the end of its deliberations. Those rates were as evidently established upon the old plan of pleasing the various interests concerned as were the rates developed in the lower chamber. Moreover, it was a noticeable fact that the talk about costs of production had declined. Although much frothy twaddle on the subject had come from the ruling clique in the lower chamber, neither Senator Aldrich nor any of the oligarchy of which he was the head had anything to say on the issue. Nevertheless it was clearly perceived that the failure either to develop the question of comparative costs, or to cite facts bearing upon it, was a weak point in the case of the majority. It was the weaker because of the time that had elapsed since the beginning of the tariff struggle, giving opportunity as it did for the production of evidence on costs from the foreign governments, American consuls, and special agents who had been requested to prepare it. As a matter of fact, some data of a sort, bearing upon the question of costs, had been received. As has been shown in the former contribution to this *Journal* already mentioned, the State Department, at the request of Chairman Payne of the Ways and Means Committee, had about a year earlier sent out a circular to American consuls in which the latter were requested to supply certain information about detailed costs. The effort had resulted in a complete fiasco. Nothing of interest was received, although various consuls sent in the usual wordy and wearying replies, without accurate or technical knowledge of what they

were treating. There had been a special desire to get data about German costs, owing to the assumed intensity of competition between our own producers and those of Germany. When our consuls in German cities addressed themselves, therefore, to the task of compiling replies to the questions sent them, they were met with open or concealed antagonism by German manufacturers who could not understand why they should be expected to furnish the data needed for the construction of a tariff which could not be other than an obstacle to their progress. This position was maintained during the late summer and the autumn of 1908. But with the opening of the tariff hearings before the Ways and Means Committee, a change came over the spirit of the German producers. Knowing that congressmen very generally had expressed interest in the German situation, and recognizing that for the first time the question of comparative costs was to play a significant part in the shaping of rates, witnesses before the Ways and Means Committee had very generally equipped themselves with data professing to bear upon foreign costs and methods of production. These data in the majority of cases related to obsolete conditions, or were distorted or erroneous, or were intentionally false. The foreign press was from the first deeply interested in the tariff hearings, and when German producers began to examine the records of the hearings they became as desirous of supplying Congress with information as they had previously been reluctant. American consuls—blocked as they had been by the efforts of the police, by the unwillingness of the producers, and by their own lack of information—had in the meantime appealed to the American ambassador in Germany, and he in turn had applied to our State Department for instructions. That department had referred the matter to the Treasury. After almost inexplicable delay, permission to proceed had been secured from everyone concerned, and finally formal application for information had been made through the German Foreign Office. Communication was at once established with the Chambers of Commerce, and the manufacturers and merchants of whom the chambers were composed hastened to comply. The “information”

they afforded consisted in large part of a searching analysis and rebuttal of the statements made by the American producers who had appeared before the Ways and Means Committee with regard to conditions and costs of production in Germany. When a great mass of these data reached the State Department, they were sent to the Senate Finance Committee—the tariff bill having meanwhile been passed in the House and reported in the upper chamber—and by that committee they were pigeonholed. The radical or insurgent element in the Senate had, however, become aware of the existence of these data and hastened to call for them. Their requests were met first with contempt and later with sneers and anger by the dominant conservative element. The latter, however, was finally forced to consent to the publication of the material, but in so doing insulted the German government for its action in sending over such material, and took occasion substantially to repudiate the “principle” of comparative costs of production. Further, the conservatives contrived to protract and defer the publication of the German material until near the close of the session, when it was finally suffered to issue from the press too late to serve any purpose in the hands of the opposition. Little or no reference was thereafter made to the principle of comparative cost. The incident at least served the purpose of unmasking the arrant hypocrisy which had been masquerading behind the pretense of a desire to fix duties on the comparative cost basis. How utterly hollow and conscienceless a fraud the cost of production idea was, became apparent when plate glass importers and jobbers who had feared an additional increase of tariff rates at the behest of the “plate glass trust” brought an expert glass producer from Belgium (the foreign center of the plate glass industry) and offered his testimony to the Senate Finance Committee. The ruling party in the Committee refused to hear the testimony or to consider the argument of the importers, notwithstanding that the latter had previously had no attention and no hearing at any time. It was not until the question of plate-glass rates was literally forced upon the notice of the committee by furniture

producers who were large consumers of the imported product that the facts were at last made partially a matter of record.

By the side of the almost unbelievable cynicism and deceit exhibited on the subject of costs of production, should be placed the knavish effort to make it appear that high prices in the United States were the result of excessive profits on the part of retailers. "Conservative" statesmen found it desirable to explain in some way the rapid increase in costs of all commodities which had been only partially and temporarily checked by the depression in business in 1907-8. The popular economic philosophy, they were aware, ascribed this increase to the operation of the tariff, while other popular reasoners attributed it with equal facility to the great increase in the supply of gold. There was some effort to exploit the gold supply explanation on the floor, but sundry of the thicker-headed statesmen were of the opinion that the argument based on gold was too abstruse for popular consumption, and that something of a simpler and easier character ought to be found—the object being to furnish the party speakers, hack writers, and others with a stock argument to be used in opposition to the charge that the tariff had led to high prices. The cause of high prices finally hit upon was that of excessive profits by retail tradesmen, and the notion was exploited at great and wearisome length by Senators Hale, Smoot, Flint, and others. The ridiculous absurdity of the argument was of course promptly perceived by orators on the other side, and one of the few debates of the session which centered upon an issue of theory or principle sprang up. It broadened into a general controversy as to the relation of the tariff to prices; but while much time was lost in developing the hoary arguments on the question and in hurling epithets back and forth, there was but scant contribution to knowledge throughout the whole course of the contest.

The "theoretical" discussion of the tariff in the Senate was also prolific in sectionalism, charges of unfairness to the South, to the West, and to other parts of the country, coupled with allegations that a conspiracy of New England and western senators had been formed for the purpose of promoting the exclu-

sive interests of a small number of states. The latter statement in a duly modified form came, in fact, dangerously near the truth, for it was due to a skilful grouping of the New England manufacturing interests with the Rocky Mountain mining and grazing interests represented by such men as Smoot and Sutherland of Utah, Carter and Dixon of Montana, Guggenheim of Colorado, Warren and Clark of Wyoming, Borah and Heyburn of Idaho, and others of like affiliations, that Senator Aldrich was able to win the day for his plans. The leaning of the South to protection, and the secession of men like McEnery and Foster of Louisiana, as well as other inveterate Tories, largely robbed the old sectional appeal of its effectiveness. Toward the end of the debate there was, however, a recrudescence of the bad feeling. Southern statesmen had been counting upon certain concessions to their demands, and particularly, the placing of cotton ties and cotton bagging upon the free list. They had been led to believe that the Finance Committee would yield to their requests in this particular; but the manufacturing interests concerned proved too strong to permit the final recognition of southern wishes. By a parliamentary trick, both items were put back upon the dutiable list. Too late the southern senators understood the nature of the shrewd scheme by which they had been trapped, but they could do little more than relieve their feelings on the floor in a flood of anti-New-England rant. The determination of the Finance Committee remained unaltered, and "sectionalism," which had almost been banished from the debate, reappeared in full strength.

VI

President Taft's position with reference to the tariff had been an enigma almost from the start. In the late autumn of 1908, hearing that the Ways and Means Committee was not likely to grant any concession on Philippine tobacco, Mr. Taft had visited that committee in person and had laid down his views to it in no uncertain terms. The result had been the reporting by the committee of a Philippine provision (already referred to) which had been retained by the Senate in a modi-

fied shape and which was ultimately passed. In his message to Congress at the opening of the session the President had said nothing about the question of rates of duty, but had confined himself to a specific recommendation for an inheritance tax. This had been adopted by the Ways and Means Committee and later by the House, and then dropped by the Senate Finance Committee. There had been the sharpest of curiosity to know what would be the President's position on the tariff question when matters finally reached a crucial point, but at no time did it prove possible to get from President Taft anything except vague and general expressions. This attitude of aloofness was maintained up to the time when the bill passed from the Senate into Conference Committee. By thus holding apart, President Taft of course entirely threw away his influence upon a large number of disputed points. Obviously, no schedule that had passed both Houses in identical form could be remodeled in the Conference Committee. This was the situation with respect to the woolen and sugar schedules and a large part of the cotton schedule, as well as with regard to numerous important items scattered through the other sections of the measure. So far as could be learned by the most curious observer, the President attempted absolutely no interference whatever with the work of either House; and not until the Conference Committee had been appointed was there any effort to exert administrative influence in the shaping of the measure. Only at one point in connection with the bill did President Taft take a direct interest. As already noted, he had recommended an inheritance tax as a supplementary revenue measure. When this had been discarded by the Senate Finance Committee, there were few persons who were willing to accept the over-confident expressions of Senator Aldrich with reference to the adequacy of the tariff sections of the measure as a means of providing revenue. None were willing to contemplate with favor the idea of borrowing money to pay for running expenses during the coming two years. The opportunity was seized by a combination of insurgent Republicans and Democrats as a chance for the revival of the income-tax idea, and a bill was prepared, after various negotiations,

by Senators Bailey (Democratic) and Cummins (Republican) acting together. To this the support of the bulk of the Democrats and that of the insurgent Republicans was pledged, thus making a combination which would undoubtedly have been able to compel the acceptance of its plan.

None of the old-line leaders would have been willing to allow a combination of insurgent Republicans and Democrats to acquire the prestige which would have fallen to them through the success of such a plan; and the executive, although he had endorsed income taxation during the campaign, was now indisposed to see it incorporated into the new tariff. After numerous conferences between the Senate leaders and the President, the details of an agreement were worked out in pursuance of which a flank movement was attempted. The President on June 16 transmitted to Congress a special message in which he took strong ground against the passage of an income tax, waived his earlier expressed preference for an inheritance tax, and suggested in lieu thereof a tax on the net incomes of corporations, such tax to be imposed under the guise of a franchise tax. The message speedily became the subject of severe criticism, but was completely successful from a political standpoint. It enabled wavering members of the opposition group to say that enough had been gained to afford warrant for suspending their antagonism. Such bonds of union as there were between the members of the opposition had been weak at best. The coalition gradually disintegrated. Within a few days after the receipt of the President's message it had become perfectly obvious that the ruse had attained its end and that nothing could now prevent the adoption of the corporation tax. As soon as this fact was assured, a second stage in the history of the corporation-tax section began. The old-line leaders had been exceedingly reluctant to accept the corporation tax, and they were now strongly desirous of modifying it as much as possible. In this disposition they were powerfully supported not only by the business world but by scientific students of taxation. It was a well-recognized fact that the new tax would seriously interfere with the fiscal operations of the states. Further, President Taft

in proposing the plan had urged it as a measure likely to result in affording the government a basis for corporation control and regulation. This idea was of course distasteful to those who customarily opposed such regulation. So strong did the protests against the original plan become that the idea of regulation was speedily dropped, and corresponding modifications were made in the plan. The notion of self-assessment under oath as a means of getting at corporate incomes was accepted, and the idea of special agents or examiners of accounts who should go over the books of all corporations was abandoned. In order to mitigate the antagonism felt by small concerns, the principle of an exemption minimum, finally fixed at \$5,000, was incorporated. Comparatively light penalties for misrepresentation of incomes were imposed. Thus the tax gradually assumed the form in which it was finally incorporated into the tariff as described in the preceding contribution to this *Journal*. The work of drafting the details of the corporation tax had been assigned to Senator Root of New York and Attorney-General Wickersham, to whom the final form of the section is largely to be ascribed. Both men were exceptionally deaf to suggestion. The Attorney-General in particular flatly refused to consider purely technical representations which were made to him by non-partisan accountants who wished to have the fiscal year usually employed by corporations substituted for the calendar year as a basis for reporting, and who also recommended that returns be founded on accruals rather than on cash position. Neither of these points was accepted by the Attorney-General. In various other particulars the opinion of experts was wholly disregarded. When the tax section was finally laid before the Senate, numerous amendments were offered, and some few were permitted merely to save time and avoid friction. These were all subsequently eliminated in the Conference Committee, and the more important were immediately voted down on the floor.

President Taft's action in connection with the corporation tax had been such as to give him a very strong hold over the old-line leaders. He had saved them from a humiliating defeat at the hands of the insurgents, thus maintaining intact the pres-

tige of the Aldrich-Cannon group in Congress. Had he at this stage intervened with a demand for lower duties on specified products, there can be little doubt that substantial changes could have been introduced into the rates. Nothing, however, came from the White House with respect to rates of duty. It was unofficially stated from time to time that no action would be taken until the bill had reached Conference Committee, and that at that time the President would see what could be done. This of course wholly overlooked the fact that by the time the bill reached conference it would be impossible to introduce alterations into more than a small fraction of the total number of rates. The crucial moment was thus allowed to slip by.

VII

The return of the tariff bill to the House of Representatives was the signal for very careful consideration among the leaders regarding the proper way of handling a situation which had now grown more than delicate. The problem of forcing the bill through both Houses as reported from the Conference Committee was likely to be difficult because of the desire of the leaders to include in it as many of the higher rates and more obnoxious provisions carried in both the House and the Senate drafts as possible. This fact necessitated the careful consideration of every step in the process of advancing the bill, since otherwise disaster might be the result. Speaker Cannon devoted his first attention to the selection of the House conferees. His general principle was to eliminate those members of the Ways and Means Committee who had shown liberal or insurgent tendencies and to retain those who had exhibited Bourbon or ultra-conservative tendencies. He was practically obliged to place the headship of the House Conference Committee in the hands of Chairman Payne; but to thwart any undue liberality on the part of Mr. Payne, he chose the remaining members with considerable care. As finally made up, the committee included, besides its chairman, Messrs. McCall of Massachusetts, Dalzell of Pennsylvania, Fordney of Michigan, Boutell of Illinois, and Calderhead of Kansas. Most of the members thus designated were above sus-

picion, and those who had at any time shown liberal leanings were in the minority. For the Senate there were named Senator Aldrich, as chairman, and Senators Penrose, Cullom, Hale, and Burrows as associates. It would probably have been impossible to select a conference committee that was more disposed to the maintenance of high rates and protective arrangements of every kind. The Conference Committee began its work on July 12 and concluded it on July 29. During these three weeks the whole bill was covered point by point, and rate after rate was established. Rumors of more or less authentic character reached the ears of the public from time to time; but as to details the committee was, and according to custom, has since been, continuously silent. It was only toward the end of the negotiations, when matters had been reduced to a basis where only a few broad general points were still contested, that the actual progress of the negotiations became well known. Little trouble was experienced by the committee in reaching an agreement upon the metal schedule. There were a few changes here and there, but almost all were of minor importance. Iron ore, which had been free in the House and had been made dutiable at 25 cents in the Senate, received a cut to 15 cents in the Conference Committee, largely out of deference to the wishes of the President. There was a pretty general agreement as to the other duties on metals. A revision of the rates on lead and zinc was made, and some important advances were allowed to go through. The drug and chemical schedule showed a number of serious changes, usually upward (that is to say, based upon the rate of the bill which imposed the higher duty), but there was little that was fundamental in what was done. Scant controversy was indulged in with respect to silks. The wool schedule was put through with very little innovation. The new mode of classifying third-class wools which the House had introduced was abandoned, and the House change in the duty on "tops" was given up and a new basis of valuation introduced. In spite of strong protest from liquor interests, the higher rates on spirits and allied beverages were retained without much difficulty. No controversy occurred with respect to the tobacco

schedule. Sugar duties had already been fixed by the similar action of both Senate and House. But the controversy became acute with respect to the rates on lumber, coal, hides, leather goods, gloves, hosiery, and the new rates on the more highly valued cottons. On all of these points there were sharp differences between the two branches of the committee, and, as it developed, between the committee as a whole and the administration. The controversy had now assumed an almost purely political aspect. There was little of interest in any of these rates from an economic standpoint, and the trouble degenerated into an effort to ascertain how far the so-called liberal element should succeed in carrying its points as against the conservative, and what position would be assumed by the administration itself under the conditions. Lumber interests held out bitterly for the old rate of duty, or, in lieu of that, for the rate of \$1.50 per thousand feet. The 25-cent-per-ton rate on iron ore was strenuously supported by the ore interests. Shoe manufacturers brought every pressure to bear in behalf of the free admission of hides, while on the other hand western beef interests and packing-house concerns strove furiously for the retention of the 15 per cent. duty. There was a bitter struggle between the hosiery manufacturers and the importers of hosiery, and a similar issue was drawn between glove importers and the manufacturers supported by the House leaders. As to coal, a particularly difficult problem had been developed, owing to an alliance between some conservative Republican and Democratic interests which threatened to throw obstacles in the way of the bill unless their demands were granted. In a series of social gatherings at the White House President Taft sought to allay the ill feeling and friction which had been produced among the members of the committee, although he refrained from taking a very positive stand until toward the end of the discussion. There is no doubt that the President's influence, whatever it was, generally tended toward the reduction of duties and the elimination of vicious provisions, but it was exerted so mildly and with so little insistence that, until the very end of the discussion, hardly any attention was paid to it by the men

who were engaged in framing the final draft. There were, however, a few points upon which the President had determined to do what he could. He favored either free iron ore or a low rate on iron ore and a similar treatment of lumber and of coal; the reduction of the glove and hosiery duties to a point not in excess of the Dingley rates, and the placing of hides on the free list, with a corresponding reduction in the rates on shoes and leather. These demands were tactfully placed before the Conference Committee toward the end of its deliberations, and resulted in the final adoption of a duty of 15 cents per ton on iron ore, of \$1.25 per thousand feet on rough lumber, and of 45 cents per ton on coal, instead of rates of 25 cents per ton, \$1.50 per thousand feet, and 60 cents per ton, respectively, which would probably otherwise have been adopted. So much the conferees were willing to concede to the President without an unreasonable degree of opposition. But when the questions of hides, hosiery, and gloves were raised, the situation assumed a different aspect. The reduction of the rate on hides tended to break up the coalition between Senator Aldrich and the New England group and the Rocky Mountain group of senators. The proposed restoration of the Dingley rates on gloves and hosiery would have deprived the manufacturers of those articles of the reward promised them by the House ring in return for their support on the rules and in other ways. Violent opposition was therefore manifested with respect to the executive demands on these points, and for a few days it seemed probable that the breach could not be closed. It required an ultimatum of a very positive character sent by the President to the Conference Committee to convince that body that it was not possible to break down the executive determination. This came after an attempt had been made to befoo the situation by redrawing the rates on gloves in such a way as to retain them at the proposed figures or possibly to place them a little higher by making nominal changes in wording that were calculated to deceive those who were without expert knowledge of the business. Reference to glove experts convinced President Taft that the change was deceptive. At the last he secured the desired removal of the duty

on hides, coupled with reductions on shoes and leather, and with the restoration of the Dingley rates on gloves, and of some of the Dingley rates on hosiery. On three generally consumed grades of hosiery, however, the President finally thought best to put up with a moderate advance over the Dingley rates. On print paper Mr. Taft had been friendly to the House rate of \$2 per ton rather than the Senate rate of \$4, though it does not appear that he had taken a very vigorous part in this matter. After much jockeying among the members of the committee, the rate was finally fixed at \$3.75 per ton, with of course the retaliatory duties against countries which discriminated against the United States.

In this form, and practically with a guarantee of executive approval, the measure was now sent back to both House and Senate. There had been threats of opposition to the corporation tax, to the higher Senate rates on various commodities, and to almost every phase of the measure, but when the final test came, only a dull and perfunctory discussion occurred. The power of discipline was far too strong in the lower chamber, and the controlling clique had little trouble in forcing through its proposals. In the Senate very much the same condition existed. The frothy assertions of opposition to the bill were easily blown aside, for the concessions made to almost every large manufacturing interest were so substantial as to guarantee an overwhelming power in support of the bill. The measure was signed by the President within an hour after it had finally been adopted, becoming law at 5 o'clock on August 5.

H. PARKER WILLIS

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